

MEMORANDUM FOR RECORD

SUBJECT: Civil Works Review Board (CWRB), Mississippi Coastal Improvement Plan (MsCIP) – Interim Report

Date of CWRB: 20 July 2006

CWRB Members: MG Johnson (DCG, Chair), Steve Stockton (DDCW), Ed Hecker (NWD RIT Leader), Ed Theriot (NAD RIT Leader) and Raleigh Leef (CECW-P)

Key Participants:

HQUSACE: CWRB Members, Don Basham (Chief, SAD RIT), Office of Water Project Review (OWPR)(Colosimo, Warren, Matusiak, Gallihugh), Office of Counsel (Nee) & SAD RIT (Hardesty).

SAD: BG Michael Walsh, Les Dixon, and Wilbert Paynes

SAM: Col Peter Taylor, Curtis Flakes, and Coleman Long

MVD: Edmond Russo (LMN – Program Manager LaCPR)

Office of the Assistant Secretary of the Army (Civil Works) (OASA(CW)): Doug Lamont

OMB: Dick Feezle and Eric Hansen

Sponsor: Dr. William Walker, Executive Director, Mississippi Department of Marine Resources

OWPR Recommendation: Approval of the report and environmental assessment for release for State and Agency review subject to resolution of policy issues including receipt of a letter of intent from the State of Mississippi, or others, to act as non-Federal project sponsor(s) for the proposed interim projects.

CWRB Decision Made: Approval of release of the report for State and Agency review subject to report revisions including letter of intent from non-Federal project sponsor.

Vote: Unanimous.

Key Issues/Questions Raised by the CWRB:

1. Level of Protection. The CWRB Chair, MG Johnson asked whether our interim report would specify a level of protection associated with the 15 near-term project recommendations or

projects to be evaluated during the 24-month Comprehensive Plan. The Mobile District Commander, Colonel Pete Taylor, answered that yes, all projects will have a level of protection but a category of hurricane designation (i.e. Saffir-Simpson Scale) will not be assigned. Colonel Taylor reminded CWRB that the authorizing legislation for the MsCIP is unique: it focused on cost-effectiveness and included language that the Corps shall not perform incremental benefit-cost analysis to identify the recommended plan or recommendations based upon maximizing net national economic development benefits. The authorizing legislation for MsCIP also did not specify a level of design like the “Category 5” designation in the LaCPR legislation. MG Johnson asked the District Commander to be cautious and absolutely clear in discussions and communications with state, local, and community officials and ensure their understanding of the degree of protection these projects offer, associated risk, and the issue of false sense of security.

2. Non-Federal Sponsor: The report does not explicitly identify a non-Federal sponsor(s) for the interim project recommendations. The OWPR explained that CW guidance requires that final feasibility reports identify an entity that is willing and able to perform the obligations specified in the items of local cooperation, including cost sharing for project construction and operation and operation and maintenance. Dr. Bill Walker explained that many communities, including Bay St Louis; Waveland; and Pass Christian were completely destroyed from Hurricane Katrina surges. Dr. Walker announced that Governor Haley Barbour strongly supports the Corps interim plan and the State of Mississippi would serve as the project sponsor. The State is working with the impacted counties and the Congressional delegation on alternate cost sharing proposals. The OWPR will provide example letters of intent and a listing of the items of local cooperation to be added to the interim report and included in the final Chief of Engineers Report. Dr. Bill Walker discussed the Governor’s “Seven-Point Plan”, an ambitious plan totaling an estimated \$7.5 billion over 15-years for restoration of the Mississippi Coastal area. MG Johnson asked whether the interim recommendations blend with the Governor’s program and Dr. Walker acknowledged yes they do. Local interests have asked why we cannot do more interim projects at which time Colonel Taylor reviewed the screening criteria used which led to the selection of the 15 interim projects.

3. Non-Policy Compliant Plan Formulation and Evaluation: The plan formulation and evaluation presented in the interim report is limited and less than feasibility level of detail. Colonel Taylor explained that the Mobile District had only 75 days to complete this report and several in-progress reviews with HQUSACE staff were held to get concurrence on the processes used in the interim report. The OWPR questioned the accuracy of the estimates of project outputs and project costs. Colonel Taylor explained that the types of engineering solutions being proposed are relatively simple, straightforward features and both the project delivery team (PDT) and independent technical review (ITR) team have thoroughly reviewed and evaluated costs. Project outputs are provided for each of the interim projects in a system of accounts table listing NED, RED, EQ, and EQ outputs. OASA(CW) – Doug Lamont commented favorably and offered ASA(CW) support on the use of the systems of accounts as a decision framework to communicate an array of information for policy makers. SAM acknowledges that more could be done with more time.

4. Congressional Authorization: CWRB discussed various aspects and strategy for presenting recommendations and authorization of the near-term projects. Specifically, would we be recommending construction authorization of projects; programmatic authority; further planning and design; and/or additional studies? Colonel Taylor explained that the Mobile District is requesting construction authorization for all 15 near-term projects hopefully under a programmatic authority that would allow flexibility on program implementation. In the event that we don't receive support or authorization for a programmatic authority MG Johnson asked whether Mobile District assigned priorities to the 15 projects. Colonel Taylor explained that they did not prioritize these projects but instead presented the outputs of each project in a system of accounts.

Since the report was prepared in response to legislative direction and is not consistent with Corps policy, discussion focused on recommendation language to be included in the Chief's report. Since the projects were formulated using cost-effectiveness and not traditional Corps planning processes, there was a discussion whether we would use the term "recommendation(s)" in the Chief's Report. All CWRB members agreed that language in the Chief's Report must include "a big however..." paragraph that would carefully and clearly address that we are responding to legislative direction provided by the Congress, including discussion on the level of analysis performed during the interim plan, any associated risks, and our confidence limits on near-term recommendations. OMB representative (Eric Hansen) commented that the program "seemed to be accord with Administration's priorities and could be budgetable" but expressed some concerns about recommending a "programmatic authority" and not having benefit-cost ratios, a metric typically used by OMB to determine whether a project/program is included in the President's Budget.

5. Independent Technical Review (ITR) and External Peer Review (EPR): CWRB members asked about independent technical and external peer review on the 15-near term project recommendations. Colonel Taylor summarized that ITR and EPR was coordinated by the Planning Center of Expertise, i.e. North Atlantic Division. EPR of the 15 near-term projects was not completed since these projects are "CAP like", i.e. small scale, relatively straightforward design/construction with little or no uncertainties. Mobile District did receive about 400 ITR comments which all have been resolved. Don Basham commented that EPR, on the Comprehensive Plan, must be a continual process.

OWPR Discussion of Issues: There were four areas of policy concern discussed at the CWRB. These included: Non-Federal Sponsor not identified; non-policy compliant plan formulation and evaluation; inconsistent description of project features and costs; cost sharing for separable features and costs; significance of environmental outputs; and items of local cooperation. Each of these areas of concern is discussed below.

1. Inconsistent Description of Project Features and Costs: The Total Project Costs could be understated due to incorrect amounts reflected on Table ES-1 and Table 5-1 for some projects. Also, the costs for real estate reflected on numerous estimates do not match the amounts stated in

the report. The project features and costs for the Pascagoula Beach Boulevard Hurricane and Storm Damage Reduction project are not consistently described in the main report and economics appendix. Therefore, project description and costs cited in the Chief of Engineers' report may be incorrect. The Interim Report will be revised to cite consistent project descriptions and costs throughout the reports documents.

2. Cost Sharing for Separable Features: It appears that the final interim report does not indicate correct cost sharing for a separable feature of the Hancock County Streams project proposal involving the commercial fishing harbor and potential benefits to navigation. OWPR staff explained that the report must show costs allocated to appropriate project purposes and apportion as specified in WRDA 1986 or WRDA 1996. The final interim report will be revised to explicitly identify cost sharing requirements for structural flood damage reduction, non-structural flood damage reduction, ecosystem restoration, hurricane and storm damage reduction, and navigation project purposes, as applicable.

3. Significance of Environmental Outputs: The report relies on general descriptions of benefits expected to accrue to the Environmental Quality (EQ) account as justification for the costs associated with ecosystem restoration proposals. The significance of ecosystems restoration outputs must also be described, as noted in Section E-37 of ER 1105-2-100. The report will be revised to discuss why the resources and functions that are to be restored are important. HQUSACE staff will assist the Mobile District in revising the report discussion.

4. Items of Local Cooperation: The interim report does not list items of local cooperation associated with the various project purposes. The interim report will be revised to include items of local cooperation and any special provisions for non-structural flood damage reduction, ecosystem restoration, hurricane and storm damage reduction, structural flood damage reduction, and navigation.

Other Issues of Note: None.

Lessons Learned: MG Johnson asked for discussion on the lessons learned during the development of the Interim Report. He commented that he believed that the Corps traditional planning process and report preparation is not geared for emergency and disaster responses and we need to work to be more efficient. He also questioned how we are going to address dynamic and evolving policy during post-disaster recovery periods. It is essential that the Mobile District proceed in a watershed-planning context actively collaborating with other Federal, state and local agencies, including FEMA, National Park Service, and HQUSACE staff in development of the Comprehensive Plan.

To invite views and issues during development of the Comprehensive Plan, a "Washington Level" Federal Principals Group is being assembled to assist in the development of comprehensive plans for both MsCIP and the Louisiana Coastal Protection and Restoration (LaCPR) programs and an initial meeting would be held within 30-days.

BG Michael Walsh summarized his comments and lessons learned as described below:

- Active public involvement improved the responsiveness of the decision document recommendations.
- External peer review process is still evolving and more work on cost, process, and products is necessary.
- Planning Centers of Expertise and accomplishment of ITR is also still evolving.
- Vertical coordination and integration is essential.
- The standard planning processes are not geared to support planning emergency directives.
- Regional teaming worked very well. Personnel from Wilmington and Jacksonville Districts were assigned to Mobile District to assist in-house team to produce this report.
- Developing rationale to support cost-effectiveness projects is a challenge.
- Extensive regional agency and public participation is instrumental in identifying immediate needs and building public support.
- Engaging ASA(CW), OMB and the Congress early and continuously including on-site visits is invaluable. We must invite OASA(CW) and possibly OMB staff to participate in IPRs on the Comprehensive Plan.
- Constant dialogue with LaCPR a big benefit and must continue during the Comprehensive Plan.

Actions required prior to S&A Review:

1. SAM will obtain a letter of intent from the State of Mississippi, the non-Federal sponsor for this program. OWPR will provide example(s) of a letter of intent.
2. SAM will revise the Interim Report to address the comments of the OWPR (items 1 – 4 above).
3. HQ will conduct an abbreviated review of the revised Interim Report and revise the Proposed Chief's Report.

Additional Actions:

1. HQUSACE will participate in periodic in-progress reviews during the development of the Comprehensive Plan. Invitations will be extended to the OASA(CW) and OMB to participate at appropriate times.
2. The SAD-RIT, in coordination with the OWPR, MVD-RIT and OASA(CW), will develop Supplemental Policy Guidance Memorandum on the Comprehensive Plan within 60 days.

Attachments:

1. CECW-PC Memorandum for Chief, SAD-RIT ATTN: Mr. Hardesty, undated but received 27 June 2006, SUBJECT: Policy Compliance Review - - Mississippi Coastal Improvements Program (MsCIP) Hancock, Harrison and Jackson Counties, Mississippi, Draft Interim Report, Near-Term Improvements) and Environmental Assessment (May 2006)
2. Mobile District Commander Colonel Peter Taylor and Dr. Bill Walker, Executive Director, Mississippi Department of Marine Resources, CWRB Presentation.
3. BG Michael J. Walsh, SAD Commander, CWRB Presentation.
4. Office of Water Project Review, Mr. Jay Warren, CWRB Presentation.
5. Project Summary; DE Transmittal Letter; and Proposed Chief of Engineers Report.